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## Agenda Item 3a

April 12, 2011

### TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. **SUBJECT:** Long-Term Care Program Request for Proposal
- II. **PROGRAM:** Health Benefits Branch
- III. **RECOMMENDATION:** Information
- IV. **ANALYSIS:**

The purpose of this agenda item is to provide the Health Benefits Committee (HBC) with information regarding the evaluation and scoring of the CalPERS Long-Term Care (LTC) Program Request for Proposal (RFP).

For the first time in 15 years, we will issue a RFP for the LTC Third Party Administrator. This activity will require significant attention from the Senior and Executive Management of the Health Benefits Branch in addition to the LTC Staff for a successful RFP development, evaluation, and negotiation process.

The LTC RFP target release date is August 2011. The proposed timeline for the RFP process is provided as Attachment 1. The RFP will be designed to solicit qualified bidders who are capable of providing full-service LTC program administration and services in alignment with CalPERS LTC framework. The framework includes, but is not limited to the following:

- Application, underwriting, and issuance services, benefit eligibility, care and claims management, reconsideration, appeals, fraud services, and banking and billing services.
- Robust member support by a CalPERS-specific account management team with ongoing CalPERS-specific educational communications outreach using mail, telephone, and web to promote program understanding and explanation of benefits.
- Product development strategies and implementation, managing potential rate increases and member benefit increase options as outlined in the Evidence of Coverage.

- Innovations that assist members to find the resources they need for themselves and/or covered family members.
- Improved methods for coordination of benefits for members.
- Cutting edge LTC product innovations, networks and members services.
- Fraud detection/prevention program.
- New, less expensive and better ways of doing things to allow the CalPERS LTC Program to be the most efficient and reasonably priced LTC program available.

Attachment 2 describes the proposed evaluation criteria that will be included in the RFP as an exhibit. The evaluations will be conducted in two phases 1) program evaluations, and 2) HBC interviews.

Program scoring will consist of each proposer's technical and fee submissions, and on-site visits as three distinct components. The aggregate portion of the three scored areas will be weighted 50 percent of the total score. Upon completion of program scoring, program staff will forward the names of the highest scoring finalists to the HBC to be interviewed at the April 2012 regular meeting of the HBC.

Finalists will be interviewed by members of the Committee. At the conclusion of those interviews, the HBC will score and rank each finalist using the trimmed average methodology. This portion of the scores will be weighted 50 percent of the total overall score. The HBC interview score will then be added to the program score for the grand total points to equal 100 percent.

The contract award, if any, will be made to the responsive and responsible proposer having the highest total score, but will be subject to final negotiations and satisfaction of all other requirements.

## **V. STRATEGIC PLAN:**

This item supports CalPERS Strategic Plan, Goal 10: Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.

**VI. RESULTS/COSTS:**

The LTC RFP will allow CalPERS to develop quality, cost-effective LTC program administration that will improve overall program efficiencies.

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Attachments